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December 16, 2003

Mr. Thomas L. Mumaw  
Pinnacle West Capital Corporation Law Department  
P.O. Box 53999  
Phoenix, Arizona 85072-39999

Re: **APS Rate Case; Docket No. E-01345A-03-0437**

Dear Mr. Mumaw:

As you know, I have reviewed APS' Application and supporting Direct Testimony. Based upon that review, I submitted correspondence to APS on July 24, September 5 and October 29. On September 5, I also filed a letter addressed to all parties inviting comment on proposed questions.

I await your response in your next round of testimony due February 10, 2004.

In addition, to the previous questions raised, I ask you to answer the following questions:

1. How does APS define "baseload"? Is this a standard definition used throughout the industry? If not, why not?
2. In mega-watts, what was APS' actual baseload in 2000, 2001, 2002 and 2003? Please explain in detail how APS calculated each figure. For each year, please provide a graphical representation of the type drawn by Mr. Jack Davis during APS' Financing Hearing (Docket No. E-01345A-02-0707). Mr. Davis referred to this as a "load duration curve" (see transcript on page 601).
3. Please provide copies of documentation as to what APS' baseload predictions were for 2000, 2001, 2002 and 2003. Please state when each prediction was made.
4. What does APS predict its baseload will be for 2004, 2005, 2006, 2007, 2008, 2009 and 2010? Please explain how APS calculated each prediction. Please provide a load duration curve representation for each year.
5. For years 2004 – 2010, which APS generating units will APS have to operate in order to meet its baseload obligations, assuming none of the PWEC units are included in APS' rate base? How much additional energy and demand

Mr. Thomas L. Mumaw  
December 16, 2003  
Page Two

will APS have to purchase in each year to meet its baseload obligations? Its total obligations? Please provide this information broken down by month.

6. For years 2004 – 2010, which APS generating units will APS have to operate in order to meet its baseload needs, assuming all PWEC units are included in APS' rate base? How much additional energy and demand will APS have to purchase in each year to meet its baseload obligations? Its total obligations? Will APS produce excess power? If so, how much and when? Will APS have excess capacity over what is needed to serve its native load? Please provide this information broken down by month.

I look forward to your response.

Sincerely,



Mike Gleason  
Commissioner

c: Chairman Marc Spitzer  
Commissioner Bill Mundell  
Commissioner Jeff Hatch-Miller  
Commissioner Kristin Mayes  
Parties of Record  
Docket Control